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11. (SBU) Mission India warmly welcomes you to New Delhi. This is an opportune moment as we seek a truly global partnership with India and build upon the Secretary's highly successful July visit (Ref). Secretary Clinton and her counterpart, External Affairs Minister S.M. Krishna, formally launched the U.S.-India Strategic Dialogue, which broadens and deepens our partnership in addressing key global challenges. The Dialogue has a five pillar foundation: Strategic Cooperation; Energy and Climate Change; Education and Development; Economics, Trade, and Agriculture; and Science, Technology, Health, and Innovation. Our success in accelerating the Strategic Dialogue in the run up to Prime Minister Singh's November official state visit will depend on working closely with our Indian counterparts as we focus on the most productive areas for cooperation. We would also like to highlight where the Mission could use greater resources to implement effectively this top foreign policy priority for the Obama Administration.

Forward-Looking and Ready for the World Stage

12. (C) The strong performance by the Congress Party and its United Progressive Alliance (UPA) allies in India's national elections in April provided the Congress Party with a mandate to govern, after years of battling communists and regional coalition "partners" over both domestic and foreign policy issues, including a closer relationship with the United States. With the return to the Cabinet of key players such as Pranab Mukherjee as Finance Minister, P. Chidambaram as Home Minister, and A.K. Antony as Defense Minister and the addition of U.S.-friendly External Affairs Minister Krishna, we anticipate stability in our bilateral relationship and a continuation of the positive, if sometimes bumpy, trajectory that has marked our ties for the past decade. The UPA government's task, whether on foreign policy or on domestic issues, is made easier by the steady meltdown of the Bharatiya Janata Party, which has become victim of publicly played out bloodletting and vicious factionalism after its trouncing in the polls.

Aspirations and Roadblocks

13. (SBU) India is a regional power that aspires to become a global player. The ambition at the top echelons of the government is readily apparent, as India vigorously pursues its number one foreign policy goal -- a permanent UN Security Council seat. India uses its voice in the G-20 and active engagement in multilateral fora like the East Asia Summit and the Brazil-Russia-India-China Summit to raise its profile. Although the Congress Party's victory set the stage for bolder moves on its foreign policy agenda, serious challenges remain. India's slow-moving bureaucracy is stove piped and suffers from a lack of capacity in every sector. Many senior officials entered government service during the Cold War era and still espouse the "non-aligned" rhetoric of the '60s and '70s.

14. (SBU) The extreme level of domestic poverty also stands in stark contrast to India's global ambitions. While India's poverty levels have fallen in the past decade as the economy has grown, hundreds of millions of Indians continue to subsist on less than two U.S. dollars a day. India is home to the third largest number of people living with HIV/AIDS and one-fourth of the world's tuberculosis cases. It is one of four nations in which polio still exists. PM Singh has signaled that improved governance and service delivery toward poverty reduction are top priorities in his second term.

15. (SBU) Despite expectations that the current coalition's strong base would allow it to pursue "big bang" economic reforms, the more likely approach is gradual reform with a close watch at each step on political and social effects of policy changes. Congress Party leaders attribute its strong

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showing in the April elections to the close attention it paid to the rural sector during the previous government. Accordingly, the UPA's July 6 budget proposal focused most new spending on a rural employment program and rural infrastructure.

Afghanistan-Pakistan

16. (C) As it seeks to make strategic investments to bolster its regional and global goals, India points with pride to its ongoing "development partnership" with post-Taliban Afghanistan that began in late 2001. The GOI claims that the sum of its performed and pledged assistance to date totals USD 1.2 billion. The bulk of the aid is channeled directly through the Afghan government, and includes military and police assistance. We would like to coordinate better with India to avoid duplicative, contradictory, and incompatible approaches and methods between Indian assistance/training and that provided by the USG, NATO, and other international partners. On Pakistan, the view is pessimistic about prospects for a near-term thaw in relations; India continues to demand that Pakistan match counterterrorism rhetoric with deeds. Domestic political fallout over PM Singh's July meeting in Sharm al-Sheikh with Pakistani PM Gilani and a widespread perception of Pakistani bad faith in cracking down on terror directed at India combine to make resumption of the "composite dialogue" difficult for the Singh government, though contacts between Indian and Pakistani officials are continuing.

U.S.-India 3.0 - Strategic Dialogue Progress

17. (SBU) Since the U.S.-India Strategic Dialogue launched during the Secretary's visit, Mission India has been hard at work to identify concrete deliverables for PM Singh's official state visit to Washington on November 24. The dialogue's five pillars break down into 18 sub-dialogues, which require cooperation across agencies both in India and Washington. We are also considering long-term goals for the strategic partnership, which will demand continued collaboration and increased resources. Post predicts the

most fruitful dialogues in the near-term will be the Defense Policy Group, Energy and Climate Change, and Education. We also believe there is tremendous potential when structuring the right partnership and demonstrating the scale-up trajectory on anti-poverty programs.

Strategic Cooperation Pillar

¶8. (SBU) We seek a closer partnership with India on defense, counterterrorism, intelligence sharing, homeland and port security, and non-proliferation issues. This pillar covers strategic security talks (nonproliferation), the high technology cooperation group, the defense policy group, a forum on global issues, the joint working group on counterterrorism, and an expanded discussion of security challenges in South Asia and beyond, including the Middle East, Africa, and East Asia.

¶9. (SBU) The strategic security talks represent an unprecedented opportunity to engage the Indian Government on the full scope of nonproliferation policies and programs. As we work to complete the Civil Nuclear Cooperation Agreement, Indian officials have signaled a willingness to engage with U.S. counterparts on nonproliferation, but are also wary of U.S. intentions after decades of estrangement over these issues. We anticipate the first such discussion on a comprehensive nonproliferation agenda will take place during the hoped-for October visit of Under Secretary Tauscher. In addition to many policy issues on the agenda, we hope to promote several programs that will require continued funding, including the Export Control and Related Border Security Program, the Secure Freight Initiative, Second Line of Defense/Megaports, and cooperation on biological, chemical, and radiological security.

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¶10. (SBU) The Civil Nuclear Cooperation Agreement marked a watershed in the bilateral relationship. Its full implementation is important not only to achieve commercial, economic, nonproliferation, and environmental benefits, but also to build the trust necessary to tackle the next set of difficult issues, such as climate change. There are some GOI officials and editorial writers that doubt the new administration's full commitment to this agreement. Senior Indian officials have said they intend to resolve several outstanding implementation issues prior to PM Singh's visit to Washington. These include publicly announcing the designation of two reactor park sites for U.S. companies, submitting civil nuclear liability protection legislation to the Indian Parliament, and filing a declaration of safeguarded facilities with the IAEA. U.S. and Indian delegations will meet to continue reprocessing consultations in late September and early October with the goal of initialing a text before PM Singh's visit. We are also pressing India to provide so-called "Part 810" license assurances to enable U.S. firms to share sensitive information with potential Indian commercial partners.

The Defense Relationship

¶11. (S) In general, the defense relationship is on a strong growth curve despite a variety of frustrations. While the Indian uniformed leadership of all three Services, and in particular the Indian Navy, appreciate their improving ties with the U.S. military, bureaucratic inertia and recalcitrant officials in the Ministries of External Affairs and Defense continue to complicate attempts to improve the partnership. Despite these challenges, military-to-military contacts continue to be a strong foundation of our strategic partnership. We conducted the largest ground forces/counterterrorism centric combined exercise to date in February 2009 and are poised to conduct air and army exercises in the fall. This year India has already hosted

visits from the Chairman of the Joint Chiefs of Staff, the Commander of United States Pacific Command, the Commandant of the United States Coast Guard, and the Commandant of the Marine Corps. We continue to seek opportunities for capacity-building, greater access and improved partnering through more focused combined exercises, better-tailored subject matter exchange events, and additional high-level visitor exchanges.

¶12. (C) Defense sales have risen from near zero in 2004, to over USD 2.2 billion already in 2009, with prospects for much greater expansion. The recent Government-to-Government agreement on EUM language sets the stage for even greater success in this arena, as all three Indian services are modernizing their forces. The next agreement we wish to conclude with the GOI is the Communications Interoperability and Security Memorandum of Agreement (CISMOA). This MOA is required to legally permit sharing/selling of encryption equipment that would enable capabilities such as secure communications and military GPS utilization. The United States Pacific Command has been pursuing the CISMOA with India since 2005 without resolution, but the GOI has told us that CISMOA would be possible after EUM language was resolved. One challenge is in maintaining the GOI commitment to travel abroad for education and receive military training visitations at home (they will often cancel at the last minute).

Counterterrorism

¶13. (SBU) India continues to rank among the world's most terror-afflicted countries. We have seen increased willingness to accept U.S. offers of training and other assistance, particularly from the FBI and on intelligence sharing, in the wake of the November 2008 attacks in Mumbai. Minister of Home Affairs Chidambaram's September 7-10 visit to the United States will be a critical opportunity to focus Indian attention on the need for communication across agencies and strong relationships with our law enforcement and intelligence agencies. He will meet with several Cabinet

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officials, including Secretary Clinton, the Director of National Intelligence, and the Director of the FBI, and will visit the Joint Terrorism Task Force in New York and the National Counterterrorism Center in Washington. We continue to encourage India to play a positive role in sub-regional cooperation efforts, particularly on border issues with Bangladesh and Nepal.

Energy and Climate Change Pillar

¶14. (SBU) In addition to the boost that the Civil Nuclear Cooperation Agreement is poised to give to our energy relationship, India is keen to increase engagement with the United States on research and development of technologies for clean, renewable energy, and on energy efficiency. Both Indian officials and business leaders are eager to work on tangible outcomes in the renewable energy sector, including solar and wind systems. India has agreed to host the International Renewable Energy Conference in October 2010, building on the successful 2008 conference in Washington. Indian officials do not, however, expect these other energy forms will replace existing capacities or substitute for large scale expansion of coal-fired thermal power. (Note: Coal-fired thermal power accounts for 53 percent of India's total power generating capacity and over 66 percent of India's electricity production. End Note.)

¶15. (SBU) In spite of the convergence on clean energy, U.S. and Indian views on climate change differ and, unsurprisingly, we have divergent expectations for Copenhagen. Indian officials have rejected greenhouse gas emission monitoring or reduction commitments. They argue that

primary responsibility for global warming lies with developed countries, and that India is entitled to an equal per capita share of the "global carbon space," particularly in light of its need for economic development. India recently reached out to China to seek a common position against binding commitments at Copenhagen. (Note: India's per capita electricity consumption and per capita carbon dioxide emissions are five to six percent of U.S. levels; 55 percent of the population has no access to electricity. End Note.)

¶16. (SBU) Notwithstanding our differences, Indian Special Climate Envoy Shyam Saran told Todd Stern in July that he "did not see a big gap in substance between the Indian and U.S. position." India is very interested in intensifying our bilateral Global Climate Change Dialogue to foster cooperation on reducing greenhouse gas emissions and promote sustainable, low-carbon development. The Mission, in consultation with OES and SECC, is developing proposals for climate change cooperation partnerships -- with the GOI contributing matching funds -- that could promote a variety of projects, including on clean energy technologies and on black carbon reduction by wide-spread use of efficient cookstoves. Ministers have told us India wants to conclude its own climate change MOU with the United States, similar to our understanding with China, but "plus alpha," including more concrete cooperation than between the United States and China.

Education and Development Pillar

¶17. (SBU) We wish to combine U.S. and Indian expertise and knowledge to foster new joint partnerships in education, development, and women's empowerment. The GOI is beginning to undertake long-overdue reforms in its education system. With 50 percent of India's young people leaving school by eighth grade (disproportionately girls) and 80 percent of the remainder not completing high school, young Indians and their parents know very well that their educational system is not meeting their needs -- and they are increasingly agitated and vocal about it. The government has begun a major long-term expansion in the funding for education, building new schools and expanding educational infrastructure. Meanwhile over half a million Indians study overseas, over 94,000 in the United States. The Indian government has proposed that our Education Dialogue focus on the following areas:

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accreditation of schools and tertiary institutions; the role and structure of community colleges; challenges of funding and scaling up large educational institutions; identifying funds to support university-to-university linkages for research and teaching; junior faculty development and enhancing improvements in basic education.

¶18. (SBU) The Women's Empowerment Forum (WEF) will provide opportunities to share best practices and partner on relevant initiatives. The indicators regarding the status of women in India are startling: female feticide, trafficking for commercial sex work, domestic violence (approximately 30 percent of married women), and dowry deaths (one death every 90 minutes) affect countless women throughout India. The new government has made many promises regarding women's political empowerment -- but implementation has historically been slow. The Mission will be working closely with S/GWI Ambassador Melanne Verweir -- whom we hope will visit India in early November -- on initiatives to expand partnerships between American and Indian women.

Economics, Trade, and Agriculture Pillar

¶19. (SBU) The Economic, Trade, and Agriculture Pillar focuses on how the United States and India can work together to strengthen bilateral economic cooperation, including reducing barriers to bilateral trade and investment, strengthening

financial institutions, harnessing the power of our public and private sectors to spur innovation and help India sustain economic growth, and developing a productive, internationally competitive, and diversified agriculture sector in India. The Trade Policy Forum (TPF), led by USTR Ambassador Kirk and Minister of Industry and Commerce Anand Sharma, works to reduce barriers to bilateral investment and trade through five focus groups and with input from a Private Sector Advisory Group. USTR Kirk's planned visit will overlap with your visit. U.S. exports to India have tripled since 2004 and two-way investment has also climbed, but there is potential for much more trade and investment between our two economies. USTR is working to arrange the next TPF ministerial before the Prime Minister's visit, possibly in Delhi in late October. To accelerate the positive two-way investment trend, the United States and India launched negotiations for a Bilateral Investment Treaty in August with a possible second round in the fall. The Finance & Economic Forum, led by Treasury and the Ministry of Finance, encourages financial sector reforms and provides a forum for exchange between regulatory experts. It is scheduled to meet at the DAS level on October 28-29 in New Delhi and may expand its discussion into macro-economic issues. The CEO Forum, with government participation led by Deputy National Security Advisor Froman and Deputy Planning Commissioner Ahluwalia, provides senior-level private sector recommendations for follow up by each government. Both governments are currently working on their lists of CEO membership and ideally a CEO Forum meeting will occur on the margins of PM Singh's trip to Washington.

Food Security & USDA Programs in India

¶20. (SBU) The Agriculture Dialogue, led by Ahluwalia and USDA Secretary Vilsack, will seek to increase bilateral cooperation to maximize opportunities for food security, poverty alleviation and income generation. We hope to remove barriers to greater trade and investment between our countries and harness the power of our public and private sectors to help India achieve a sustainable agriculture sector and food security. Agriculture and rural development are inextricably linked with poverty reduction, but India's chief crop yields are still lower than other major nations.

¶21. (SBU) The Indian government sees food security as primarily a domestic challenge of self-sufficiency in basic commodities. High food prices have been a major political issue in past elections and could become a stumbling block for the current UPA government. While the GOI is prickly about the subject of food security policy, they welcome

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opportunities to partner with the United States in new technologies in order to boost output of food grains including drought resistant wheat, rice, peas, bean, and lentils. When the Prime Minister talks of the "ever-Green revolution," he envisions a sustainable agricultural production system that benefits small and marginal farmers through improved seed varieties and technology transfers. However, significant challenges exist to carrying out this vision given the lack of basic infrastructure in the rural areas, the bureaucracy-laden farm programs, and land tenure laws that limit farm size and sale of agricultural land.

Science, Technology, Health, and Innovation Pillar

¶22. (SBU) India has a large and diverse S&T infrastructure that defies generalizations, and ranges from 1950's era labs to state-of-the-art technologies. By identifying and promoting opportunities for mutually beneficial cooperation, the Mission seeks to use the S&T Dialogue to enhance the already vast academic, commercial, and official collaboration taking place between U.S. and Indian scientists. The Science, Technology, Health and Innovation Pillar includes a

three-part S&T Dialogue, and the first bilateral ministerial-level dialogue dedicated to health and biomedical sciences. U.S.-India health cooperation focuses on high-priority areas such as HIV/AIDS, smallpox, influenza and other infectious diseases, as well as maternal and child health and medical capacity building. During her July visit, Secretary Clinton concluded a USD 30 million S&T Endowment Agreement, a key element of the S&T Dialogue. Both sides currently are selecting their respective board members and we anticipate funding of projects will begin in 2010.

USAID Programs in India

¶23. (SBU) USAID/India is engaged in partnerships with the Indian government, the private sector, and non-governmental organizations to share ideas, international best practices, technologies, and expertise that results in improved lives and livelihoods. USAID investment attracts investment from our partners to develop and deliver innovative models, which are then scaled up to reach many more people for sustainable impact. For every dollar USAID invests, an additional four dollars is leveraged from our partners. In addition, every USAID dollar invested in these pilot programs result in Indian devoting an average of USD 35 to scale up the program.

USAID works with our partners to solve problems of mutual interest to: improve the health of children and families; reduce green house gas emissions and promote clean efficient energy; improve agriculture productivity and help farmers get their products to market more efficiently; prepare youth for jobs in the modern economy; improve basic education by developing innovative ways to teach children in the classroom and support teachers; mitigate the risk and help communities better prepare for and respond to floods and other natural disasters; and improve the legal rights of women.

India's Development Assistance Abroad

¶24. (SBU) India has pledged USD 1.2 billion in assistance over ten years to Afghanistan in four broad areas: major infrastructure projects (dams, bridges, roads, power); humanitarian assistance (food aid, seeds, and household supplies); and education and capacity development (supplies, construction, scholarships, training, and capacity building); and small and community based development projects (funding 100 small projects). India is by far the largest contributor of foreign assistance to Nepal. During a August 21 meeting with Nepalese Prime Minister M.K. Nepal, Finance Minister Mukherjee announced that the GOI pledged USD 137.5 million to Nepal to fund a three-phase project to build over 1,300 kilometers of roads in Nepal. India also plans to fund a police academy, integrated checkpoints along the India-Nepal border, and upgraded rail link with Nepal. India's foreign assistance is given to Sri Lanka to fund development projects for education, health, and infrastructure. In the wake of

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the LTTE's defeat, the GOI has funded de-mining efforts, donated food aid, and provided over USD 100 million to rehabilitate war victims in Sri Lanka's northern and eastern areas. India donated USD 37 million for flood relief in 2007-2008.

The Platform for the Pillars: Resource Issues at Post

¶25. (SBU) Mission India Program and ICASS funding, currently at a combined USD 25 Million plus, has risen to keep pace with Mission growth. Over the past three years, the Mission struggled to augment ICASS support positions as our USDH (U.S. Direct Hire) workforce ballooned by more than 130 non-support positions in response to Consular, trade, health, and other increases in the USG presence in India. The lag lessened somewhat with the reprogramming of two positions in 2007, and the introduction of some additional USDH and EFM

ICASS positions to Mission India in 2008 and 2009. If Mission India receives our requested ELO positions in 2010 and 2011, and MSP-requested positions through 2012, ICASS will have the depth and breadth to properly support the team in our expanding partnership with India.

¶26. (SBU) For the Strategic Dialogue and related growth, our most severe resource need is in the area of facilities. Land has been identified, but not purchased for the NCC in Hyderabad. OBO must secure the price and availability of the plot they have selected now with funding. In addition, Embassy New Delhi has formally requested to internally re-prioritize the Mission India NCC construction list to put NCC Hyderabad ahead of those planned for Chennai and Kolkata. The temporary facility in Hyderabad is already undersized, and can in no way meet the demands of Mission India through the planned completion of an NCC in 2025. For New Delhi, an A&E contract for the GSO/Support Annex may be funded and awarded before the end of FY 2009; good news for our Embassy operations, which are currently reaching the limits of capacity. The New Delhi American Center is undergoing a limited infrastructure renovation to keep it operational as OBO researches lease or construction options for a Model American Center.

¶27. (SBU) We have requested that OBO undertake a formal assessment of all USG property holdings in India. Given the ever increasing cost of leased properties, and the number of valuable properties the USG will be selling in-country in the near future, we believe this is an optimal time to channel some of these gains into residential real estate construction which could decrease our dependence on leased properties. Construction costs, even for quality construction, remain relatively low, making for a quick payback on our investment.
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